

The West Virginia Economic Development Authority (WVEDA) was formed in 1962 as a public corporation and government instrumentality under Chapter 31, Article 15, of the West Virginia Code (the Act). WVEDA is administered by a nine-member Board of Directors comprised of the Governor, Tax Commissioner and seven at-large members appointed by the Governor. WVEDA has statutory authority to borrow funds from the West Virginia Board of Investments to loan to borrowers.

WVEDA loans are secured by deeds of trust on property, security interests in equipment, promissory notes, and in certain cases, have supplemental collateral comprised of letters of credit, lease assignments and/or personal guarantees. WVEDA's loan terms are set by its Board of Directors (the Board), whose members periodically review market conditions. The amount WVEDA may lend for projects varies depending upon the nature of the project and form of lending, as prescribed by the Board.

Under the Act, WVEDA is charged with the responsibility to develop and advance the business prosperity and economic welfare of the State of West Virginia by providing financial assistance in the form of loans and direct financing and operating leases to industrial development agencies and enterprises for the promotion and retention of new and existing commercial and industrial development. WVEDA is empowered to borrow money and issue bonds, notes, commercial paper and other debt instruments and to furnish money, credit, or credit enhancement for the promotion of business development projects. Credit enhancement is available through WVEDA's loan guarantee programs, which were created to insure payment or repayment of bonds and notes issued by WVEDA and certain other public bodies, or other types of debt instruments entered into by an enterprise or state public body with a financial institution.



The general criteria for each of the Direct Lending Programs is similar. The primary differences are interest rates and loan amounts.

**The following criteria is relative to all Lending Programs:**

- Financial assistance is available for the financing of fixed assets to creditworthy manufacturing concerns, distribution centers, technology-based service companies destination tourism entities and/or tourism expansion efforts targeted by the West Virginia Development Office meeting WVEDA's job creation criteria. The applicant may be an existing or prospective West Virginia business.
- Job creation and retention are important factors under the WVEDA lending guidelines. The borrower must create or retain one job for every \$75,000 of WVEDA participation.
- WVEDA can participate up to 45% in eligible fixed assets related to real estate and buildings of qualifying projects and share a first lien on such assets with the participating lender, who also may participate up to 45%. The borrower must inject at least 10% equity into the project.
- WVEDA can participate up to 40% in eligible fixed assets related to affixed equipment utilized in qualifying projects and share a first lien on such assets with the participating lender, who also may participate up to 40%. The borrower must inject a minimum of 20% equity into the qualifying costs of the project.
- A limitation in the amount financed for special purpose equipment or customized equipment, to no more than 70% loan to value, with the WVEDA participating up to 35% in such equipment assets.
- Eligible fixed assets include the purchase of land, site preparation, building acquisition, construction or renovation, an affixed machinery and equipment. Rolling stock is not eligible, such as trucks and forklifts.
- WVEDA does not finance working capital or inventory under these programs and does not refinance existing debt.
- The loan term is generally 15 years for real estate intensive projects and 5-10 years for equipment projects.
- Applications are subject to review and approval based upon job creation, job retention and economic benefits to the State of West Virginia, as well as credit evaluation by WVEDA.
- WVEDA issues a "take out" commitment to provide funding upon the completion of the project, which includes completion of all construction and receipt and installation of all project equipment, as outlined in the commitment letter. The applicant must submit evidence that interim financing is available in the event of WVEDA loan approval.
- A non-refundable application fee of \$500 for loans up to \$1,000,000 and \$1,000 for loan in excess of \$1,000,000 is due upon the receipt of a loan application.
- The applicant/borrower is responsible for the payment of attorney's fees associated with loan document preparation and collateral filing fees, with a minimum amount being \$2,500 and a maximum amount not to exceed 1% of the WVEDA loan amount, unless extenuating circumstances result in higher-than-expected costs. Attorney's fees are calculated on a direct cost incurred basis, due at closing.
- The WVEDA does not assess a prepayment penalty.



**The following criteria is specific to the WVEDA Direct Loan Program:**

- This loan program is for applicants seeking a minimum WVEDA participation of \$50,000 and a maximum of \$1,000,000.
- The interest rate for the WVEDA loan participation amount will be tied to the yield of a comparable US Treasury debt instrument plus three-quarters percent. This rate scenario has a floor of 2% and no ceiling.
- A personal guarantee of any owner with 20% or more of the subject business is required. An Irrevocable Letter of Credit, with the WVEDA as beneficiary, for the full amount of the WVEDA loan participation may be substituted for a personal guarantee. If the business has no controlling stockholders, alternative surety structure is needed.

This loan program cannot be used in conjunction with the other WVEDA Direct Programs.

**The following criteria is specific to Major Project Program:**

- This loan program is for projects seeking a minimum WVEDA participation of \$1,000,001 and a maximum of \$10,000,000. The interest rate for the WVEDA loan participation amount will be a fixed rate for a period of five (5) years at a rate equal to the U.S. Treasury Security of equivalent maturity (as such rate is stated in the Daily Treasury Yield Curve Rates section of the U.S. Treasury official website [www.ustreas.gov](http://www.ustreas.gov)) plus three-quarters percent. This rate scenario has a floor established at closing based upon the cost of funds determined on the first of each month. The maximum interest rate adjustment will not exceed 5% per adjustment and has no ceiling.

- A personal guarantee of any owner with 20% or more of the subject business is required. An Irrevocable Letter of Credit, with WVEDA as beneficiary, for the full amount of the WVEDA loan participation may be substituted for a personal guarantee. If the business has no controlling stockholders, alternative surety structure is needed.

**PRE-APPLICATION INFORMATION: The following information is requested to allow WVEDA to determine if the project is eligible and the extent to which we may participate:**

1. Narrative description of your company history as well as a description of the proposed project and how it benefits your operation.
2. A breakdown of project costs such as:
  - a. acquisition of land, excluding existing improvements;
  - b. acquisition of building or other improvements;
  - c. site preparation, utilities, roads, etc.;
  - d. construction;
  - e. renovation; and
  - a. machinery and/or equipment, excluding rolling stock.
3. Financial information including company financial statements for the past five year-ends (if applicable) and the most recent month-end interim company financial statement.
4. Employment Information including:
  - a. the current number of full-time equivalent employees, their salary/wage range and benefit package;
  - b. the number of new full-time equivalent employees anticipated as a result of the proposed project, their salary/wage range and benefit package; and
  - c. in the case of a proposed project for job retention, please explain.

**5. Other information considered relevant to the project.**

Please submit Pre-Application information to:

WVEDA  
Northgate Business Park  
180 Association Drive  
Charleston, West Virginia 25311-1217

**FEDERAL FUNDING SOURCES UTILIZED BY WVEDA**

WVEDA may upon review of an application qualify the project for consideration under certain federal programs administered by the WVEDA, such as the Federal Title IX Program (TIX).

WVEDA was the recipient of Federal Title IX grant funds in 1978 and 1984, for the purpose of stimulating development in areas of the state affected by high unemployment. These funds serve as one of several pools of funds available to promote business development in the State. Factors such as project size, location, type of business, job creation, and availability of funds enable WVEDA to determine the appropriate program for your project. The WVEDA application is designed to incorporate the data needed for those programs as well as that of the WVEDA Direct Loan Program.

**APPLICATION FOR FINANCIAL ASSISTANCE:**

After favorable review of your company's pre-application information, the WVEDA will forward a formal Application for Financial Assistance.

WVEDA's Board of Directors meet on the third Thursday of each month. In order for an Application to be placed on the Agenda for that Board meeting, WVEDA must be in receipt of the completed Application no later than the last business day of the month for presentation at the following month's Board meeting.

Upon receipt of the completed Application, the WVEDA will confirm that the applicant is current with State Corporate Taxes, Workers' Compensation Taxes and Employment Security Taxes. WVEDA may also contact and review the project with the local development authority, which is required to sign the Application.

The borrower will be notified of the Board of Directors decision as soon as possible after the monthly meeting. If a favorable decision is granted, a commitment letter will be forward to the borrower for review and signature.

Upon reviewing and signing the commitment letter, the borrower must forward it back to WVEDA for final approval by the Board of Directors at its next regular monthly meeting.





## WVEDA LOAN INSURANCE PROGRAM



The Loan Insurance Program (LINS) is a loan guarantee program where the WVEDA guarantees up to 80% of a bank loan. The WVEDA guaranteed portion cannot exceed \$500,000 and is for a maximum term of four years. The WVEDA requires that one full time equivalent job be created or retained for every \$75,000 guaranteed.

Under this program, the applicant applies directly to the bank which negotiates collateral, interest rate and loan covenants in keeping with its own lending guidelines. Upon favorable review, the bank conditionally approves the loan and makes application to WVEDA for loan insurance. A non-refundable application fee of \$500 payable to WVEDA must be submitted with the insurance application. WVEDA will assess a 1% closing fee on the insured portion of the loan, due when the Bank loan closes. The application fee will be credited toward the closing fee. In addition, the legal fee in the amount of \$300 will be due and payable to the legal firm performing this service. Both fees are due upon execution of the Loan Insurance Agreement.

Loan proceeds may be used for fixed assets or other needs, such as inventory and working capital. However, construction loans and lines of credit do not qualify. Unsecured loans are not eligible under this program. While WVEDA's guarantee period is up to four years, the bank's loan term can be longer. In addition, a renewal may be requested by the bank prior to insurance expiration.

WVEDA requires a brief summary of the project, company history or business plan, company and personal financial statements, the bank's conditional loan commitment and a one-page loan insurance application.

Upon receipt of the information WVEDA prepares the application for its next available Board of Directors meeting. WVEDA's Board meets on the third Thursday of each month. Applications for Loan Insurance must be received by the first Thursday of the month for consideration at that meeting.

Upon approval of WVEDA's Board of Directors, a loan insurance agreement is forwarded to the bank. The bank is required to report the outstanding principal balance upon request by the WVEDA. If your lender is interested in pursuing the program, they can obtain a lender's package from a WVEDA Loan Officer.



The West Virginia Economic Development Authority (WVEDA) Traditional Broadband Loan Insurance program was created to assist an eligible broadband provider in gaining access to credit from financial institutions. The objective of the program is to encourage lenders to undertake credit risk that will allow for the extension or expansion of broadband service to unserved or underserved areas of the state of West Virginia.

Per the guidelines adopted by the WVEDA the Broadband Loan Insurance could insure up to 80% of a bank loan for a broadband infrastructure or development project. The insured portion cannot exceed Ten Million Dollars (\$10,000,000) and could be for a maximum term of twenty years.

The project must be certified by the West Virginia Broadband Enhancement Council as having met the requirements of providing broadband service to an unserved or underserved area of the State of West Virginia or the project has received an award from a federally funded broadband expansion program.

The project must have written certification from the participating financial institution that, but for WVEDA Broadband Loan Insurance program, the financial institution would not otherwise make the loan based solely on the creditworthiness of the broadband provider.

Broadband Loan Insurance applications originate with and are submitted by the financial institution. The WVEDA will not consider a Broadband Loan Insurance application unless it is signed by the Lender. A nonrefundable application fee of \$1,000 must be submitted to WVEDA with the loan insurance application. If the WVEDA approves the loan insurance application, a closing fee equal to 0.5% of the insured portion of the bank loan will be due and payable to WVEDA.

The eligible broadband provider must provide:

- a. proof of business ownership and other business registration information.
- b. detailed information regarding all current, previous and pending business debt including any past instances of loan delinquency or default or any breach of a borrower covenant.
- c. Detailed records of the provider's financial history, including, but not limited to, tax returns and financial statements detailing the provider's income, cash flow, and account balances for the past five years.
- d. The number of persons employed by the provider and the names and contact information for all managers of the project to be insured;
- e. Detailed information regarding assets being presented as collateral, including, but not limited to, serial or identification numbers for all large value machinery, equipment, furniture and fixtures, inventory records, and accounts receivable.
- f. Detailed business plans, financial plans and financial projections related to the broadband deployment project for which the applicant is requesting loan insurance.
- g. Any additional information that is relevant to the provider's eligibility to receive loan insurance and the provider's ability to deploy broadband in the state, including, but not limited to any required authorization or determination by any applicable regulatory bodies.

In addition, the legal fee for document preparation in the amount of \$540 will be due and payable to the legal firm performing this service. Both fees are due upon execution of the Loan Insurance Agreement.





If the Broadband Loan Insurance application is approved the bank will make the loan using its standard letter of credit, security agreements, deeds of trust, etc. The bank will set the loan fees and interest rates at its discretion, with disclosure to WVEDA. If the project is located on or secured by leased property, the term of the lease must be at least as long as the term of insurance.

The WVEDA will post the following information on its website:

1. The name of the insured provider;
2. The location or locations of the project;
3. The amount of the authority financial assistance provided by the insurance fund;
4. The purpose of the financial assistance;
5. The term of the financial assistance; and
6. The fixed assets that serve as security for the financial assistance.

Please contact the WVEDA for additional information regarding the Broadband Loan Insurance program. Applications are available by contacting the WVEDA or by visiting [www.eda.wv.gov](http://www.eda.wv.gov).



The West Virginia Economic Development Authority (WVEDA) RDOF Broadband Loan Insurance program was created to assist an eligible broadband provider in gaining access to credit from financial institutions. The objective of the program is to encourage lenders to undertake credit risk that will allow for the extension or expansion of broadband service to unserved or underserved areas of the state of West Virginia.

The WVEDA can insure up to 100% of a bank issued letter of credit for a broadband infrastructure or development project. The insured portion cannot exceed Twenty Million Dollars (\$20,000,000) in any one single calendar year and could be for a maximum term of twenty years.

The project must be certified by the West Virginia Broadband Enhancement Council as having met the requirements of providing broadband service to an unserved or underserved area of the State of West Virginia or the project has received an award from a federally funded broadband expansion program.

The project must have written certification from the participating financial institution that, but for WVEDA Broadband Loan Insurance program, the financial institution would not otherwise make the loan based solely on the creditworthiness of the broadband provider.

Broadband Loan Insurance applications originate with and are submitted by the financial institution. The WVEDA will not consider a Broadband Loan Insurance application unless it is signed by the Lender. A nonrefundable application fee of \$1,000 must be submitted to WVEDA with the loan insurance application. If the WVEDA approves the loan insurance application, a closing fee equal to 0.5% of the insured portion of the letter of credit will be due and payable to WVEDA.

The eligible broadband provider must provide:

- a. proof of business ownership and other business registration information.
- b. detailed information regarding all current, previous and pending business debt including any past instances of loan delinquency or default or any breach of a borrower covenant.
- c. Detailed records of the provider's financial history, including, but not limited to, tax returns and financial statements detailing the provider's income, cash flow, and account balances for the past five years.
- d. The number of persons employed by the provider and the names and contact information for all managers of the project to be insured.
- e. Detailed information regarding assets being presented as collateral, including, but not limited to, serial or identification numbers for all large value machinery, equipment, furniture and fixtures, inventory records, and accounts receivable.
- f. Detailed business plans, financial plans and financial projections related to the broadband deployment project for which the applicant is requesting loan insurance.
- g. Any additional information that is relevant to the provider's eligibility to receive loan insurance and the provider's ability to deploy broadband in the state, including, but not limited to any required authorization or determination by any applicable regulatory bodies.

In addition, the legal fee for document preparation in the amount of \$540 will be due and payable to the legal firm performing this service. Both fees are due upon execution of the Loan Insurance Agreement.





If the Broadband Loan Insurance application is approved the bank will make the loan using its standard letter of credit, security agreements, deeds of trust, etc. The bank will set the loan fees and interest rates at its discretion, with disclosure to WVEDA. If the project is located on or secured by leased property, the term of the lease must be at least as long as the term of insurance.

The WVEDA will post the following information on its website:

1. The name of the insured provider;
2. The location or locations of the project;
3. The amount of the authority financial assistance provided by the insurance fund;
4. The purpose of the financial assistance;
5. The term of the financial assistance; and
6. The fixed assets that serve as security for the financial assistance.

Please contact the WVEDA for additional information regarding the Broadband Loan Insurance program. Applications are available by contacting the WVEDA or by visiting [www.eda.wv.gov](http://www.eda.wv.gov).



## WVEDA LEVERAGED TECHNOLOGY LOAN PROGRAM



The Leveraged Technology Loan Program (LTL) is a loan guarantee program where WVEDA guarantees up to 90% of a bank loan. WVEDA's Guaranteed portion cannot exceed \$500,000 and is for a maximum term of five years. WVEDA requires that one full time equivalent job be created or retained for every \$75,000 guaranteed.

Businesses that are implementing an innovative technology for manufacturing tangible products or provide high-level value-added services are eligible for this expanded loan guarantee.

Funds may be used for working capital for raw materials, production, inventory, product commercialization and marketing. Funds may not be used for acquisition of general operational and administrative equipment or real estate, or to repay an existing loan.

WVEDA requires a brief summary of the project, company history or business plan, company and personal financial statements, the bank's conditional loan commitment and a one-page loan insurance application.

Upon receipt of the information, WVEDA prepares the application for its next available Board of Directors meeting. WVEDA's Board meets on the third Thursday of each month. Applications for Loan Insurance must be received by the first Thursday of the month for consideration at that meeting.

Upon approval of WVEDA's Board of Directors, a loan insurance agreement is forwarded to the bank. The bank is required to report the outstanding principal balance upon request by the WVEDA. If your lender is interested in pursuing the program, they can obtain a lender's package by calling the WVEDA.





## TAX-EXEMPT INDUSTRIAL DEVELOPMENT BONDS



The State of West Virginia has available each calendar year the authority to issue tax-exempt Industrial Development Bonds up to the maximum established by Section 146(d) of the United States Internal Revenue Code (currently \$335,115,000, called the "statewide cap").

Under the provisions of the West Virginia Code, Section 21, Article 2C, Chapter 13, \$134,046,000 of the "statewide cap" is made available to the West Virginia Housing Development Fund for the purpose of issuing qualified mortgage bonds, mortgage certificates, or bonds for qualified residential rental projects.

The remainder of the "statewide cap" is allocated under the provisions of the statute as follows:

- 35% for nonexempt (small-issue) projects
- 10% for projects in Empowerment Zones and Enterprise Communities, that are a special class of exempt facilities
- 55% for exempt facility projects

The terms "exempt facility" and "small-issue" are fully defined in the United States Internal Revenue Code. Requests for allocation may not be received earlier than the first business day of any year. Any requests for bond allocation for "small-issue" projects must be received by November 1 of any year. After November 15, any remaining "small-issue" bonding authority will be allocated to any qualifying project that wants to apply, without regard to the project's classification as outlined above.

Any community wishing to endorse any business for issuance of tax-exempt bonding must first have passed by the appropriate local governmental unit, usually a county

commission, an Inducement Resolution, setting forth the community's intention to allow issuance of tax-exempt bonds in its name, as well as the purpose and size of such an issue. The project's sponsors must then file with the West Virginia Economic Development Authority (WVEDA) an application for allocation from the statewide cap with the appropriate disclosures as requested in that application and a copy of the Inducement Resolution properly executed by the appropriate official, usually the county clerk. The Cap Allocation Form must be submitted to the WVEDA by the fifth of each month for consideration at its monthly Board meeting.

The WVEDA Board meets periodically to review all applications received and to determine how much, if any, of the "statewide cap" to allocate to projects which have applied. The WVEDA makes its determination based upon an evaluation of the general economic benefit to be derived from the project, as well as any other criteria the Board may establish by rule or policy.

Allocations from the "statewide cap" for "small-issue" projects and traditional "exempt facility" projects must be closed within one hundred twenty (120) days from the date of approval by the Board (or December 31, if sooner). If the bond closing cannot occur within 120 days, the allocation for that project reverts to the "statewide cap" for application to another project.

However, Empowerment Zone/Enterprise Community projects, or projects for the production of energy depending in whole or in part on coal waste as fuel, will retain their authority to issue bonds until October 1 of the year in which the designation was made.

For additional information, please contact:

Caren Wilcher, Associate Director  
(681)313.2007  
[Caren.D.VWilcher@wv.gov](mailto:Caren.D.VWilcher@wv.gov)



Foreign-trade zones are secure areas under U.S. Customs supervision that are considered outside the Customs territory of the United States for the purposes of Customs duty payment upon activation under the regulations of the U.S. Customs Service. Located in or near U.S. Customs ports of entry, they are the U.S. version of what are known internationally as free trade zones.

Authority for establishing these facilities is granted by the Foreign-Trade Zones Board under the Foreign-Trade Zones Act of 1934, as amended (19 U.S.C. 81a-81u), and the Board's regulations (15 C.F.R. Part 400). The Executive Secretariat of the Board is located within the Import Administration of the U.S. Department of Commerce, Washington, D.C. 20230.

Foreign and domestic merchandise may, subject to FTZ Board and Customs regulations, be moved into zones for operations not otherwise prohibited by law involving storage, exhibition, assembly, manufacturing and processing. All zone activity is subject to public interest review, and all manufacturing and processing activity requires a case-by-case review. Under zone procedures the usual formal Customs entry procedure and payment of duties is not required on the foreign merchandise unless and until it enters Customs territory for domestic consumption, in which case the importer normally has a choice of paying duties either on the original foreign materials or the finished product. Domestic goods moved into a zone for export are considered exported upon entering the zone for purposes of excise tax rebates and drawback.

Zones are sponsored by qualified public or public-type corporations, which may themselves operate the facilities or contract for their operations with public or private firms. The operations are conducted on a public utility basis, with published rates. A typical general-purpose zone provides leasable storage/distribution space to users in general warehouse type buildings with access to all modes of transportation. Most zone projects include an industrial park site with lots on which zone users can construct their own facilities. Subzones are usually private plant sites authorized by the Board through zone grantees for operations that cannot be accommodated within an existing general purpose zone.

The regulations of the Foreign-Trade Zones Board are published in the Code of Federal Regulations at Title 15, Part 400 (15 C.F.R. Part 400), and the regulations of the U.S. Customs Service concerning zones at Title 19, Part 146 (19 C.F.R. Part 146). Information on Foreign-Trade Zones is available on the FTZ web site at:  
<http://ia.ita.doc.gov/Ftzpage/index.html>.

Please contact the WVEDA for additional information about Foreign Trade Zones.